



DAVID E. JANSSEN
Chief Administrative Officer

County of Los Angeles
CHIEF ADMINISTRATIVE OFFICE
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April 13, 2004

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**TECHNICAL CORRECTIONS TO THE FLEXIBLE BENEFIT PLANS
REQUIRED UNDER THE HEALTH INSURANCE PORTABILITY AND
ACCOUNTABILITY ACT (HIPAA)
(3 VOTES)**

**JOINT RECOMMENDATION WITH THE DIRECTOR OF PERSONNEL THAT
YOUR BOARD:**

Approve the attached ordinance amending the flexible benefit plans to add language relating to the privacy of employee Flexible Spending Accounts as required under the privacy regulations promulgated under the Health Insurance Portability and Accountability Act of 1996 (HIPAA).

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The purpose of the recommendation is to implement technical corrections to the County's flexible benefit plans in order to bring the County into compliance with recent Federal law and regulations pertaining to the privacy of health care spending accounts. The plans affected are the Flexible Benefit Plan, the MegaFlex Benefit Plan, the Choices Plan, and the Local 660 Options Plan (collectively referred to as the "Plans").

The Health Care Spending Accounts under each of the Plans constitutes a "small health plan" under HIPAA. As such, the Plans will become subject to HIPAA's privacy regulations effective April 14, 2004. Therefore, Chapters 5.30, 5.35 and 5.37 of the County Code need to be amended to bring the Plans into compliance with HIPAA.

Board of Supervisors
GLORIA MOLINA
First District

YVONNE BRATHWAITE BURKE
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

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Implementation of Strategic Plan Goals

The recommended action is consistent with and promotes the principles of the Countywide Strategic Plan Goal 2; Workforce Excellence by protecting the privacy of employee health information.

FISCAL IMPACT/FINANCING

None

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

In order to comply with the HIPAA Privacy Regulations, the Plans must be amended to (1) prohibit the use or disclosure of Protected Health Information (PHI) other than as permitted or required by HIPAA; (2) to permit the use and disclosure of PHI only in accordance with HIPAA and the Plans' respective policies and procedures; and (3) to restrict the access and use of the Plans' PHI to certain employees and classes of employees and other persons under the County's control.

The accompanying ordinance brings each of the Plans into HIPAA compliance. For the Flexible and MegaFlex Benefit Plans, the health care spending accounts are created under Chapter 5.30 of the County Code, the County of Los Angeles Health Care Reimbursement Plan. For the Choices Plan, the health care spending accounts are established under Chapter 5.35, the Choices Health Care Spending Account Plan. For the Options Plan, the health care spending accounts are under Part 3 of Chapter 5.37, titled, The Local 660 Health Care Spending Account of The Local 660 Cafeteria Program

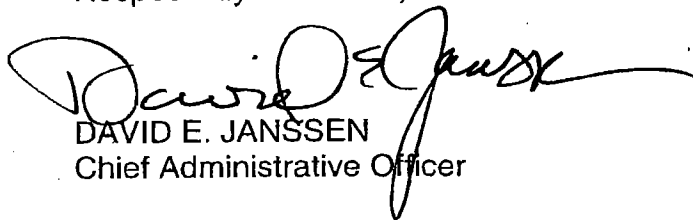
The accompanying ordinance has been reviewed as to form by the County Counsel.

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IMPACT ON CURRENT SERVICES

County employees and their spouses and dependents will receive improved privacy of their protected health information and the Plans will comply with applicable Federal privacy law.

Respectfully submitted,



DAVID E. JANSSEN
Chief Administrative Officer



MICHAEL J. HENRY
Director of Personnel

DEJ:MJH
WGL:CO:lg

Attachments (1)

c: County Counsel
Executive Officer, Board of Supervisors
Chief Information Office
Auditor-Controller

DRAFT**PRICING AND BILLING SCHEDULE****LOS ANGELES COUNTY PROBATION DEPARTMENT****COST FOR BASIC SERVICE DURING INITIAL TERM****Vehicles:**

BUS - Daily Rate for average of 162 miles.....\$ 371.00
VAN - Daily Rate for average of 52 miles.....\$ 63.00

Personnel - Deputy Service Units:

Transportation, Processing & Supervision.....\$ 2,610.00

Meals:

Average 25 per day @ \$3.00 ea.\$ 75.00

TOTAL DAILY FLAT RATE COST.....\$ 3,119.00

ANNUAL FLAT RATE COST FOR BASIC SERVICE.....\$ 773,512.00
(Annual Flat Rate = Daily Flat Rate x 248 Court Business Days)

ADDITIONAL COSTS - FIRST CONTRACT YEAR**Training:**

Flat rate cost per individual 40-hour Class.....\$ 1,475.00

Flat rate cost for eight (8) 40-hour classes.....\$ 11,800.00

Review and Analysis of Policies and Procedures:

Estimated one-time cost to review, analyze, and provide
written recommendations for improving operations,
equipment, policies and procedures.....\$ 10,000.00

TOTAL ESTIMATED COST - FIRST CONTRACT YEAR.....\$ 795,312.00

ADDITIONAL BILLABLE COSTS FOR AS-NEEDED MEDICAL TRANSPORTATION SERVICES

Cost per Mile - VAN.....\$ 1.25

Hourly Overtime Rate - DEPUTY.....\$ 50.10